C1850-3
8/13/87

C-STORE REPORT II: MARKETS AND MAJOR PLA...

R&I roundtables: issues and experts...62

Chains: Pasta House; Famous Restaurants..... 116
All buttoned up: The world of corporate dining..... 102
Cover: Regional Mexican recipes are jumping..... 206

AUGUST 19, 1987

A Cahners publication serving the total foodservice industry

RESTAURANTS & INSTITUTIONS

PUBLISHED 1 1041/ 91
SPI ACQUISITIONS
CAHNERS MAL INFO SVC
CUSTOMER SVC
4520 EAST WEST HWY 20811
BETHESDA MD

AUG. 19, 1987

CONTENTS

Vol. 97 No. 18

BRIEFINGS
A summary for busy readers 4

COMMENTS
The Changing Players 11
Operations in this issue 11

VIEWPOINT
In the c-store battle, turnabout is fair play 14

R&I FORUM
Readers speak out 18

R&I REPORT
Labor: Ability, not disability, counts with handicapped 24
Chain Marketing: Making menu changes 26
Economic Experts: Stable regional growth ahead 27
R&I Data: Consumer Price Index 27
Washington Update: Industry opposes new welfare state funded by businesses 28

R&I EXCLUSIVE
Convenience Stores: Part II 34

MENUS
Menu Concepts: McDonald's rolls out Garden Fresh Salads 86
Menu Census: Mashed potatoes are popular 87
Menu Design: Bennigan's sophisticated menu 88
Food Price Update: Dairy market conditions 89
R&I Data: Food Cost Index 89
Menu Promotions: Big Splash Sunset Dinners 94

TASTE
Contract Foodservice: Creative world of corporate dining 102

CHAIN DIGEST
Corporate Profile: The Pasta House Co.'s strong foundation 116
Executive Street: Four execs profiled 118
Executive Profile: Morrison's E.E. Bishop 118
Success Story: Famous Restaurant Inc. regains footing 118
Expansion Strategies: Marcus Corp. launches Budgetel into expansion 119
Convenience Stores: Sunshine Jr. shines in Florida 119
Growth Chains: Acquisitions help expansion 124

LIQUID ASSETS*
Bar Design: Innovative design can make the difference 130

INDEPENDENTS
Eclectic Ethnic: Lola's foreign flavor 136
Hotline: Independent happenings 138

INSTITUTIONS
Hospital Roundtable: Industry leaders share their views 142
Q&A: Rod Inman 146
Hotline 150

SYSTEMS
Front of the House: Dealing with rejects 168
Safety & Security: S.A.F.E. keeps illness out of kitchens 168
Purchase Order: Rating purchasing efficiency 169
Computer Center: Evaluating restaurants 170
Stress Test: Using stress as a motivator 172

DESIGN
Design Gallery: When two restaurants become one 176
Uniforms: Aprons tie in with ambiance 182
Interior Design Awards 184

EQUIPMENT
Cafeteria Service: Designing with space problems 190
Equipment Trends: Dial-and-dine systems 198

FOOD
Ethnic Cuisine: Mexican cooking comes of age 206
Techniques: Fixing fancy fresh tomatoes 222
Healthline: Advice on sodium 224
Baking: Frying fruitful fritters 226

MARKETPLACE
Menu Merchandising: Italian food and nutrition 228
Products: Italian foods 232
Buyers Mart: New products 234
For the Asking 240

CLASSIFIED ADS
Buying, selling, changing jobs 265

ET CETERA
People, Places & Promos 272
Calendar: Upcoming events 273
Coming Up: September 2 issue 274
Personal Glimpse: Jimmy Schmidt 274
Previewing: A book review 274

ACTION EXPRESS
For more product information 280

ADVERTISING INDEX
Where to find ads in this issue 280

READER SERVICE CARD
For more information 281

*A special section for commercial operators only.

Real Dairy Discoveries, a service of American Dairy Association, follows page 150.

LABOR

Ability, Not Disability, Counts with Handicapped

Overcome myths and apprehensions by being selective in hiring practices.

HELP IS AVAILABLE

Rehabilitation centers have a service too few operators are aware of. Job coaches will do extensive in-house training and monitor an employee's progress once left alone on the job. The concept is new to many states but the supportive programs have been successful and are spreading around the country.

Myth: Handicapped employees have a history of high absenteeism and low retention rates.

Fact: A Pizza Hut in Los Angeles had a 200% turnover rate until it started hiring disabled workers. The turnover rate now stands at 32%. The Marriott Marquise in New York City opened in October 1985 with 75 handicapped employees. As of July 1987, two have been let go, while three have been named employee of the month.

Myth: The handicapped are more likely to have accidents on the job so that workman's compensation insurance rates rise when disabled are hired.

Fact: Marriott Corp.'s loss prevention department says the disabled's accident rate is no greater than that of their non-disabled counterparts. Insurers are among the leaders in rehabilitation and placement of the handicapped.

Myth: Considerable expense is incurred to make adjustment for the handicapped in the work place.

Fact: A U.S. Department of Labor study shows 50% of employers incur no job-site modifications. Another 30% spend only between $100 and $500 for accommodations.

Because of the growing labor shortage and stronger educational programs provided by various vocational rehabilitation agencies, the number of chain, independent and institutional operations successfully hiring the handicapped has grown rapidly in the past five years.

But many operators remain reluctant or report of failed experiences when hiring retarded, mentally disabled or physically disabled people. Experts say their problems stem from poor screening programs and lack of clear job descriptions.

Because there has been so much pressure to take people out of long-term care centers, there are many more marginally qualified workers available. Some agencies remain overzealous in placing their clients, and unless operators screen potential employees, they sometimes are intimidated into taking someone not suited for the position.

Stephen Elmont of Creative Gourmets Ltd. in Boston runs a transitional employment center for the handicapped and says it is up to operators to do research about the agency they are dealing with. "Find out what kind of handicaps they deal with and what kind of staff they have," he says. "What is their value system? Or are they an agency who just tries to turn out people because Uncle Sam will reimburse them $100 a head?"

Once an operator decides to hire a disabled individual, what becomes most critical to success is the job match, says Pam Farr, Marriott's director of equal employment opportunities and affirmative action. "Matching skills with job requirements is crucial."

Farr says Marriott has rehabilitation counselors come to the job site to watch employees in action. The counselors evaluate such things as: the nature and skill of the job, transportation and shift requirements, manual dexterity, strength, bending, lifting and any computational aspects of the job, customer contact and verbal skills required. The job counselor is then better able to go back to their clients and refer prescreened individuals.

Marriott requires its operations managers to meet with the counselors and the prospective employees to discuss the job structure, production aspects and any modifications or accommo-

The foodservice industry hires 8% to 10% of all handicapped workers, more than any other industry. They are reliable, take their jobs seriously and are willing to do tedious tasks that other employees try to avoid. Also, trends toward automated and specialized tasks in the industry work to the advantage of handicapped workers.

dations that might be needed.

Perhaps the biggest problem facing handicapped workers is transportation. Many disabled and mentally retarded people do not drive and are at the mercy of public transportation.

Burger King Corp. insists transportation arrangements be made before starting training. After training is complete, the employee is placed at the Burger King closest to his home.

Marriott tries to honor the shift and schedule requirements of the disabled. The mentally disabled are put on shifts when car pooling is available.

Barbara Lawson, executive director of Eden Express, a Los Angeles restaurant that specializes in training the handicapped, points to the rapid turnover of unit managers as a problem area.

"The disabled have too many people telling them what to do and they don't know how to respond," says Lawson. "There has to be a red flag to notify agencies to assist with training or help with the transition."

Reading skills can present a problem with learning disabled employees. So instead of written instructions many operations simplify the learning process by using posters with pictures to identify steps to operate machinery such as fryers. McDonald's Corp. says the secret to its success lies in the use of videotapes that correspond to job stations. After watching tapes, handicapped workers go to work with job coaches to master skills.

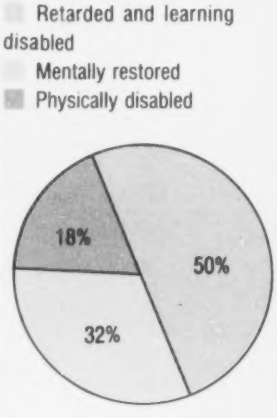
Also, most handicapped workers know they do not work at full speed. At Eden Express, efficiency methods are taught. How do you position yourself for certain tasks? Which step is taken first? They make up for speed by not wasting steps.

Finally, employers complain that rehab services never contact them about hiring the handicapped. And while vocational services are working on improving their placement systems and improving relations with the business community, Elmont says, "Why should the agencies approach operators? They aren't the ones in the labor market . . . We have a labor crisis. If you wait for everyone to come to you and pick the best person, you may be out of business soon."

—Jeff Weinstein

EMPLOYMENT PICTURE

National Restaurant Association data indicates the following ratio of disabled workers entering the foodservice labor force:



■ **ECONOMIC EXPERTS**

Stable Regional Growth Ahead

'Boom towns' a risky investment.

Historically, growth in the United States varies from one region to another.

During the 1970s, cities in the South and West, particularly those tied to oil, grew at rates more than three times the average.

Between 1969 and 1979 the U.S. economy created 21.3 million new jobs and grew at a rate of 2.2% each year. The "boom towns" grew rapidly and created many jobs. But the growth was short-lived.

Five out of the top 20 areas that had spectacular growth from 1969-1979 currently are experiencing severe declines. Their average annual rates of employment growth for each business cycle follows:

	'69-'79	'79-'84
Reno, Nev.	7.5%	1.1%
Richland, Wash.	7.0	−1.7
Brazoria, Texas	6.7	0.1
Boise City, Idaho	6.5	1.1
Casper, Wyo.	5.9	−0.8

The boom-town cycle of those areas that are tied to a single industry or to a single natural resource tends to make them risky candidates for investments that require long-run payoffs. Although eating and drinking place sales increased dramatically in some fast-growing cities, many establishments were forced to close when the economies contracted. Capital investment in eating and drinking place plant and equipment at a specific site requires a stable environment in order to be profitable.

In terms of stability, only 16 of the 317 metropolitan areas in the nation have experienced uninterrupted expansion since 1969. These areas consistently have created new jobs and attracted additional population. They have balanced economies that continue to create opportunities year after year, even during severe national recessions. In most of them, the growth would not be considered spectacular, but rather steady and unabated.

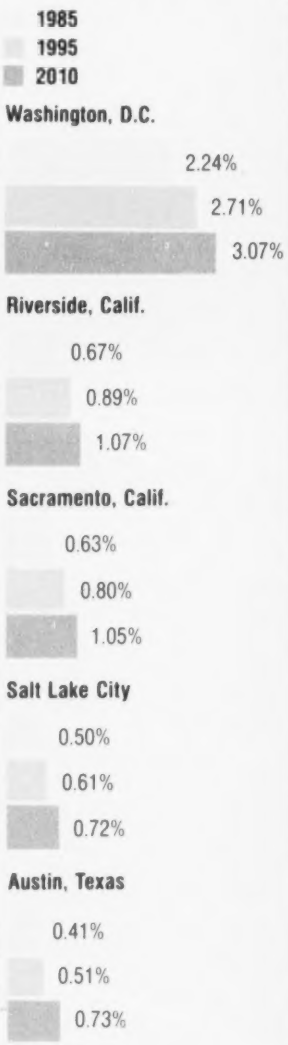
Martin K. Holdrich, Wood & Poole Economics

In areas such as these the restaurant owner is unlikely to suddenly experience a severe overabundance of eating and drinking places as a result of an economic collapse. Those searching for stable markets based on diverse economies might well look for lasting consistency rather than fleeting spectacular growth as the country and the economy lead into the next century.

This article was contributed by Martin K. Holdrich, senior economist at Woods & Poole Economics Inc., Washington, D.C.

THRIVING & STRIVING

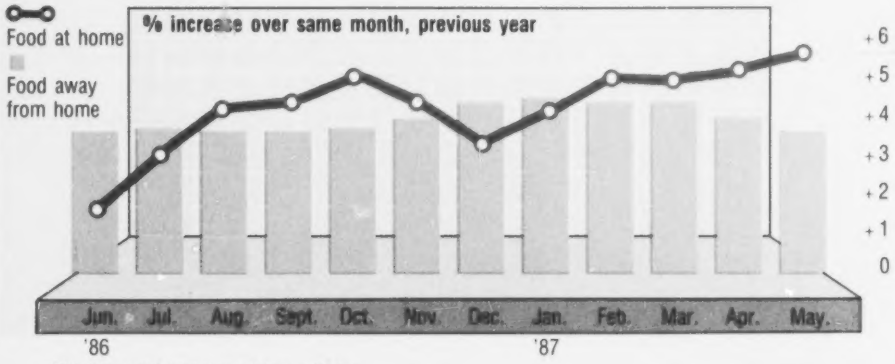
Top metropolitan areas with uninterrupted expansion are listed with an employment forecast (in millions of jobs):



■ **R&I DATA**

CONSUMER PRICE INDEX: RETAIL ADJUSTMENTS

Greater competition for away from home business could account for the latest slowdown in price increases. Higher prices for food at home reflect the current increase in commodity prices compared to steady prices during the same time last year.



1987 *Restaurants & Institutions*, a Cahners publication

■ CONVENIENCE STORES: PART II

HOW DO C-STORES MEASURE UP?

Limited menus and self-service allow convenience stores to match and sometimes beat the price and speed of fast-food chains. Assuring uninitiated customers that c-stores sell tasty, wholesome food is the next hurdle.

Although most convenience stores offering foodservice freely admit they are competing with fast-food chains, they are not competing on fast food's terms.

The best of the burger chains offer a limited menu, reasonably priced and of consistent quality. The c-store companies with the biggest foodservice programs do the same thing; in an era when the fast feeders are pumping up service, however, c-stores are operating in a self-service mode.

And because they often are located on the best corners in town, these c-stores can safely bet on a certain number of customers, especially the single, blue-collar males aged 24 to 34 who have long been the c-stores' cornerstone customers.

The smaller convenience store companies are taking a different approach, offering freshly made salads and deli sandwiches in an attempt to grab a broader range of customers. On the question of food quality, some of them aim to surpass, not just match fast food's offerings.

"The name of our game is convenience and price," says Jim Lynch, director of fast foods at National Convenience Stores, Houston, who has held management positions at McDonald's, Wendy's and Burger King. National decided that its products could not match the classic—that is, McDonald's—standard of fast food and still turn a profit.

Heavy self-service proved to be the answer. "We operate on the self-service principle so we can offer the same size drink or burger for a much lower price than the fast-food chains," Lynch says.

Most of National's 1,000 Stop 'N Go stores sell hot dogs, merchandised on a large, brightly lit spit. The hot dogs are served on buns baked at local bakeries; customers add toppings from a condiment bar holding everything from chopped onions to hot chili. Two chili-cheese hot dogs sell for $1.49.

Lynch says the company will not add in-store cooking because the necessary ventilation systems are too expensive and complicated. "Besides, there are some really good precooked products on the market," Lynch says. Those precooked products will anchor a new hot-food program, which will include

C-STORE QUALITY: PERCEPTION AND REALITY

Steve Nicolet, president of Supermarket and Convenience Store Insights, presented a survey of 400 Circle K and Wawa customers at the International Foodservice Manufacturers Association's last COEX meeting.

	Circle K/Wawa	Other outlet
Quality	8.49	7.50
Convenience	9.49	7.47
Service	8.87	7.76
Price	6.88	7.06
Variety	8.08	6.86

Numbers indicate averages of 1 to 10 rankings

	Circle K/Wawa	Other outlet	Burger King	McDonald's
Quality	8.49	7.50	7.65	6.87
Convenience	9.49	7.47	7.43	7.45
Service	8.87	7.76	7.51	7.39
Price	6.88	7.06	7.05	6.92
Variety	8.08	6.86	6.46	6.21

Source: Supermarket and Convenience Store Insights

pizza by the slice and hamburgers.

Similarly, Circle K's 3,500 stores run a foodservice program heavy on microwavable burgers, hot dogs and burritos, and correspondingly light on labor. The self-service approach ties in with the conviction of the Phoenix-based company that customers like to "orchestrate" their own meals.

SuperAmerica, based in Bloomington, Minn., has taken a different tack, adding salads and lighter lunch products in hopes of attracting more female customers, says Patty Hohag, foodservice director. "Our base remains the male construction worker, but our target market is women," she says.

Hohag has tried to emphasize quality since joining SuperAmerica a year ago. "I've done a lot of upgrading," she says, noting that the company recently added premium ice cream to its offerings.

SuperAmerica has invested time and money in its in-store cooking programs. Nine of the company's 263 stores cook chicken on site. Ten stores offer soup and fresh sandwiches. The SuperBurger program, offering two frozen, reheated, dress-them-yourself burgers for $1.19, is installed in 25 stores.

While taking the high road with in-store cooking, SuperAmerica also is taking the easy route with SuperFast, a completely self-serve island offering 12 types of soft drinks, ice-cream novelties, self-serve bakery, frozen hamburgers and premade sandwiches.

Busy Bee Food Stores Inc., headquartered in Oneida, N.Y., exemplifies the dual approach to foodservice that many chains may follow in the future. Like other chains offering ready-made, self-serve products, Busy Bee's 27 stores find a market among truck drivers and construction workers who grab frozen hamburgers, pop them in the microwave and eat them on the run.

In addition to the prepared items for takeout, however, the chain operates sit-down operations in 10 stores. In contrast to the doughnuts and microwavable pancakes available for carryout, these stores offer a complete breakfast program, including eggs, bacon or sausage, and English muffins.

"We make sure we're dealing with quality products" in the sit-down operations, says Bob Seng, president. "We

National Convenience Store units offer made-to-order deli sandwiches.

Wawa's [illegible] shows c-store [illegible]est.

WHY BUY IT AT A C-STORE?

The survey asked why customers purchase food at convenience stores. In this case, the term "convenience" means location.

Reason	Percentage	Comments
Convenience	83%	"On the way to work"
Good product	38	"Sandwiches freshly made"
Fast service	29	"When you haven't time"
Friendly personnel	10	"Love Emma"
Variety	9	"Better selection"
Good prices	6	"Price is right"

Source: Supermarket and Convenience Store Insights

Because they rely heavily on self-service beverage counters and prepared products that customers heat themselves, c-stores can beat fast-food chains on price.

choose ham that has some taste, that's not 90% water. Bread for our submarine sandwiches is extremely important —we've experimented a lot with rolls to get better quality."

Although Seng concedes that the frozen burgers sold to carryout customers might not measure up to the fast feeders' freshly made product, he says the goals are entirely different in the sit-down operations. There, the chain is trying to serve a product superior to a fast-food burger. "We've found customers will pay $1.50 for a burger with some meat in it, that doesn't taste like a piece of leather," he says.

In effect, Busy Bee is serving premade burgers to customers more interested in saving time than eating a fine meal; at the same time, the chain is bringing in additional customers with the time to sit down and enjoy a deluxe burger. Convenience counts for the first batch of customers; the second is interested in quality.

By all indications, Southland Corp. also plans to harvest both kinds of customers. Promotions such as "two hot dogs for 99 cents" continue to emblazon 7-Eleven storefronts, but the company also is perfecting The Works, a prototype of a full-fledged deli.

A small but growing group of c-store chains are eschewing self-service and pre-prepared foods, opting instead for quality and service as selling points. One of these is Winner's Circle, a successful c-store in Greenwood, Ark., that may soon open more units in Arkansas and Texas. In contrast to the town's fast-food outlets, most of which are drive-thru only, Winner's offers good food, an indoor eating area and a pool room. "Our place is a little fancier than you'd expect in a town of 3,500,"

says manager Cliff Pearcy.

Catfish dinners are the hottest seller, but Winner's Circle also offers freshly cooked steak fingers, chicken-fried steak and custom sandwiches. On the theory that the store is incurring the same overhead costs as any fast-food operation, menu prices are set in a comparable way; customers come in for a good meal, not to save a few pennies.

Also at the high end of the scale is Wawa Inc., a 384-unit chain based in Wawa, Pa. Ten years ago, the chain started making sandwiches when managers noticed customers were buying rolls and fillings to make sandwiches for themselves. Two years ago, the company started making takeout salads.

Wawa never intended to compete head-on with the fast feeders, says Frederick Schroeder, vice president of marketing. "We don't want to sell burgers and fries," he stresses. "We want to be a fresh delicatessen operation." Wawa is competing for fast-food dollars, while trying to outperform the fast feeders in food quality.

Even though it does not offer fast-food fare, Wawa operates like a fast-food chain. It does not sell gas, rent videos or display cigarettes. "We don't offer things that bring short-term profit because they detract from the image of a fast-food place." A new Wawa store, designed by Banik-Cumby Inc., Swarthmore, Pa., exemplifies Wawa's desire to look like an upscale fast-food restaurant.

The industry is divided on both the reality and customer perception of c-store food quality. Most followers of c-stores have studies showing that customers favor the non-traditional outlets over traditional fast-food chains.

Convenience and Supermarket Insights, a consulting firm, interviewed more than 400 customers as they left convenience stores. Survey participants said that the selection and variety of c-store food is either excellent or good.

On the question of food quality, however, consumer reaction is less positive. Focus groups run by Russell Stutzman, a consultant based in Ocean Springs, Miss., revealed that many consumers think c-store food is not good food. "They also think the stores aren't clean enough," adds Stutzman.

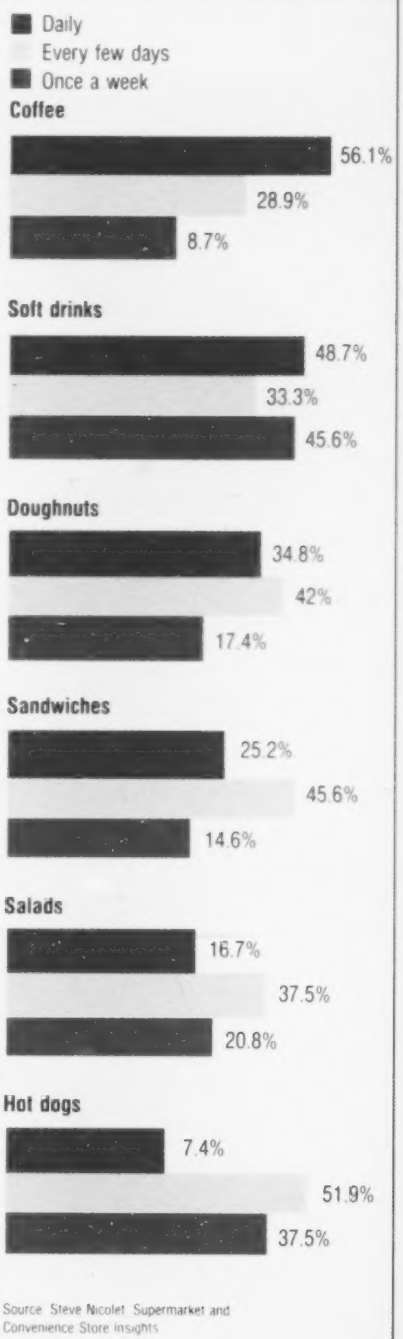
SuperAmerica's Hohag thinks the negative image of convenience stores carries over from years ago, when most outlets were indeed serving food of questionable quality to a small customer base. "Convenience stores have changed in the past five years," she says. "They've changed as peoples' life styles have changed."

But observers of the fast-food industry say that changing these perceptions will be difficult, in part because c-stores rely so heavily on prepared foods, often made in a central commissary. Hamburgers, for instance, are notoriously difficult to hold without losing quality. "I haven't seen a c-store with a really good hamburger program," says Al Wrisley, professor of hotel and restaurant administration at the University of Massachusetts.

Fred DeLuca, president of Doctors

CONSUMERS' CHOICE IN C-STORE FOODS

The IFMA survey-takers stopped people coming out of convenience stores and took stock of their food purchases. Those interviewed seem to buy the same items frequently.



Source: Steve Nicolet, Supermarket and Convenience Store Insights

THE TYPICAL C-STORE CUSTOMER

The National Association of Convenience Stores profiles customers in its "Food Service Customers in Convenience Stores" study.

Age: 24-34 (34.5%)
Sex: Male (55.4%)
Marital status: Single (55.4%)
Occupations: Manager (23.7%); Student (14.1%); Utility Worker (13.4%)
Household income: Less than $20,000 a year (34%)
Education: High school or less (40.1%)
Number in household: Three (21.2%)
Average weekly spending for foodservice: $10-$50 (36.9%)
Home microwave oven: Yes (44.4%)
Distance from home to c-store: 5¼ miles (32.9%)

Source: National Association of Convenience Stores, Cahners Bureau of Foodservice Research

CONVENIENCE STORES

Studies of food-handling practices in c-stores suggest a need for stronger foodservice training programs for both managers and employees.

Associates, the Subway Sandwiches franchisor, agrees. "They just can't offer the same quality as a chain concentrating on burgers or chicken. For something simple like coffee, it's certainly easier to go to a 7-Eleven, but to get any kind of quality in a burger, I'd go to a McDonald's," he says.

Busy Bee's Seng, however, sees customers willing to sacrifice food quality for convenience. "Our sandwiches may not be as good as a fresh product put out by a national fast-food chain. But the on-the-go customer who's eating fast food is willing to make some sacrifices in quality for the sake of convenience," he says.

Similarly, speedy service is more important than freshness of product to Dairy Mart's takeout customers. "If someone wants a specific kind of sandwich, we'll try to comply, but most would rather choose among those in the deli case—they want to be in and out," says Larry Handler, president of the 700-store chain based in Enfield, Conn.

C-stores also face the challenge of maintaining high sanitation standards. Here the issues are more clear cut than in the quality-vs.-convenience dilemma, for everyone wants safe food.

A study just completed by the Department of Food Science and Human Nutrition at Michigan State University suggests strongly that c-store chains should improve their sanitation procedures. The study showed abnormally high bacterial counts, ranging from 1 million per gram to more than 245 million per gram, in roast beef sandwich samples collected from six c-stores in Lansing, Mich. (The bacteria grow rapidly between the temperatures of 45F and 100F, in the presence of oxygen.)

Those levels are far above the 100,000 per gram count considered normal for food that is safe to eat, according to Carol Sawyer, who directed the study. Although not all bacteria in the counts are necessarily harmful to people, a specific pathogen called *Staphylococcus aureus* was isolated in 61% of the samples.

Neglecting to monitor times and temperatures of food during receiving and assembly caused the high bacterial counts. Cross-contamination (such as multipurpose use of sinks for hands and equipment), inadequate heating of food, and failure of staff to wash their hands before handling food were also to blame.

Only 51% of the c-store employees in the Michigan State University study had been trained in safe food-handling techniques, although 88% dealt with unwrapped food in their jobs. Both hourly employees and managers scored poorly on knowledge of safe holding temperatures in a food-safety test.

Studies such as this suggest a need for better training programs in foodservice technology for c-store personnel. Some chains, however, are already sensitive to the need for cleanliness. Mike McDermott, events marketing manager at Southland Corp., says sanitation training ranks high on Southland's list of priorities. He cites the company's Midwest division with pride; training and procedures developed for the fresh deli sandwich program there have been incorporated into programs of the U.S. Department of Agriculture.

In the Twin Cities, health departments are beginning to impose stricter codes on c-stores, says Patty Hohag of SuperAmerica. "Shelving anywhere near the foodservice package has to be stainless steel," she notes. And different inspectors demand different standards. "There's some confusion, because the health department is trying to figure out what constitutes a restaurant, and which codes apply," Hohag says.

Like everyone in the fast-food industry, c-store companies are coping with the labor problem. Where prepared food and self-service prevails, management has been fairly successful in holding down personnel levels. Arco's am/pm mini markets, for example, use only one employee to serve hot items; a McDonald's kitchen uses eight or nine employees. Because c-stores are subject to fewer rush hours and slack periods than the average fast-food store, they

Circle K's self-serve beverage center (above) anchors its foodservice program. Bakery (left) is featured in SuperAmerica's SuperFast centers.

are able to manage with smaller staffs.

Busy Bee has implemented a fresh sandwich program with little addition of personnel. The chain's overall store costs run only 12.5%, including labor, compared to an industry average of 12.9%. Sandwich ingredients are precut and the bar configuration allows a well-trained worker to make a sandwich in a minute or less.

But some experts think c-stores soon will be forced to add staff in order to provide the level of quality and service customers are demanding. "The foodservice industry runs a higher percentage of labor to sales than c-stores are used to—they'll have to learn to accept that reality," says Coney Elliott, a San Angelo, Texas-based consultant.

Attention to food quality, sanitation and service will be for naught if the c-stores fail the last and perhaps greatest challenge: marketing. Wawa projects a clear message. "All our advertising promotes freshness. We're rather single-minded," says Schroeder. Wawa is the exception, however. Most c-store companies are intent on marketing gasoline, videos and other products along with food. The price they pay, in trying to be all things to all people, is a some-

continued on page 50

COMING ATTRACTIONS ON C-STORE MENUS

Of the 115 c-store operators interviewed, 37.4% said they had not decided what to add to the menu this year; 8.7% would not comment; and 5.2% said they are constantly updating their menus.

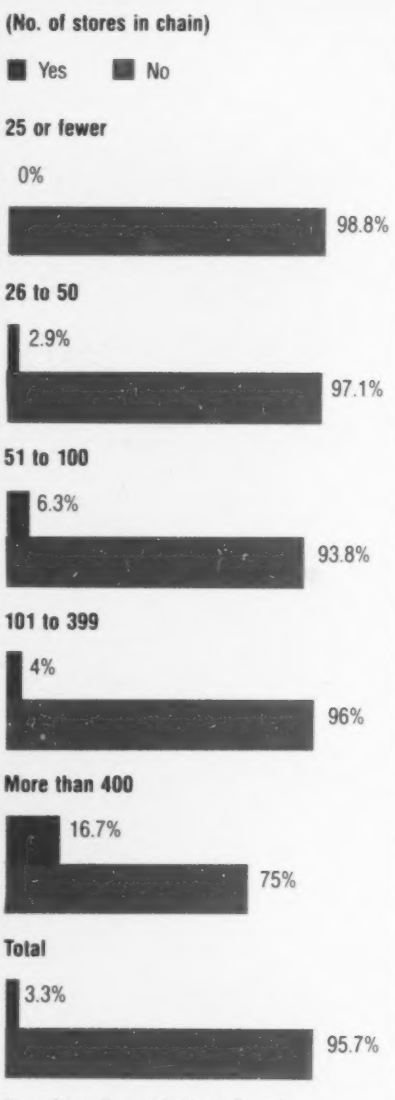
Food to be added	%
Pizza	14.8%
Chicken	7.8
Sandwiches	7.0
Hamburgers	5.2
Bakery program	4.3
Hot dogs	4.3
Nachos	2.6
Deli	2.6
Cold salads, pasta salads	2.6
Hot foods	1.7
Breakfast sandwiches	1.7
Biscuits	1.7

Source: Cahners Bureau of Foodservice Research

CONVENIENCE STORES

C-STORES WITH LINKS TO FAST-FOOD CHAINS

Although chain-store/fast-food combinations have been making headlines, most c-store operators indicated they have no deals made with the fast feeders.



Source: Cahners Bureau of Foodservice Research

C-stores, with an abundance of locations, offer growth possibilities for chains agreeing to join forces.

what fuzzy image.

This handicap may slow the c-store industry's push for a larger fast-food market share. As Stutzman says: "In positioning themselves to do a first-class job in foodservice, the c-stores' greatest struggle will be to gain a unique market identity."

Competition may be the name of the game, but some c-store and fast-food chains are trying to find out whether cooperation is better.

In a joint agreement, the c-store company gains access to expertise in food preparation, sanitation and other aspects of running a fast-food operation, plus the reputation of the fast-food chain's products. The fast-food partner gains the opportunity to expand without substantial capital investments.

The 716-unit Pizza Inn chain, based in Dallas, agreed recently to open scaled-down operations in Circle K stores on a trial basis. The 250-square-foot Pizza Inn Express shops will offer takeout and home delivery. The benefits for both are clear: Circle K learns the pizza business, and Pizza Inn gains a distribution network of about 4,000 outlets.

Perhaps the most fully developed test agreement is between Church's Fried Chicken, with 1,532 units, and the 7,835-unit Southland Corp.

Under the agreement, Southland becomes a franchisee of Church's, at least for the purpose of selling chicken. Cut and marinated at a Church's plant, the chicken arrives at the 7-Eleven stores, ready to be cooked and sold. The fact that Church's is accustomed to delivering a product from a retail space as small as 400 square feet has been an advantage in working with a c-store chain with little space to spare for restaurant operations.

"The arrangement has been win/win for both parties," says George Samaras, vice president of franchising for Church's. The program is now operating in five stores—three in New Orleans and two in the Tampa/St. Petersburg, Fla. area—and a sixth is about to open. Samaras expects a decision on whether to move beyond the testing phase sometime in the next few months.

Dunkin' Donuts has devised a mutually beneficial deal with several c-store companies. One of these is Dairy Mart Convenience Stores, which uses the Dunkin' Donuts logo together with a display case agreed upon by the two companies. The fresh doughnuts are delivered twice daily to each store. "We're pleased with the results," says Larry Handler, Dairy Mart president. "Using the two names together can only enhance our image."

White Castle System Inc., the 222-store chain based in Columbus, Ohio, has come up with a slightly different twist on the joint venture idea: freezing and packaging its popular hamburgers for distribution to c-stores and supermarkets. The twin packs, containing two hamburgers each, have particularly strong appeal.

Although joint agreements may be an exciting new frontier for those involved in them, other companies are watching these experiments somewhat warily.

SuperAmerica, for example, has little interest in this approach. "We

continued on page 57

7-Eleven and Hardee's are testing combination units.

CONVENIENCE STORES

Chains often rework procedures and create miniature versions of concepts to fit into the c-store format.

thought our own concept was the way to go," says Hohag.

DeLuca of Subway Sandwiches also responds in a lukewarm manner. "When we open a store, we want it to stay open. There might be some question about that in a location owned by someone else." He would, however, consider locating an operation side by side with a c-store, using a common pass-through so that each kept its own identity.

Jim Lynch of National Convenience Stores is leery about working too closely with another franchisor. "You could get pulled into bickering between a fast-food company and its franchisees," he points out, if the joint agreement relaxed normal territorial boundaries, allowing a franchisee not located in a c-store to locate near one that was.

The fear that the c-store company will take its fast-food partner's knowledge and run inevitably lies near the surface. Church's had some qualms along these lines, but Southland's retailing history was reassuring. "Branded products are a way of life for them. I don't think they'll come up with a generic brand of chicken, any more than they would for gasoline or chewing gum," says Samaras.

Even Southland seems a little tentative about the joint agreements. McDermott declined to predict the outcome of the company's test programs with Church's and Hardee's. "I think it's premature to draw any conclusions about either one," he says.

The decision on whether to form such a partnership may be more product-driven than anything else. Chicken is a natural, says Samaras, because it is already well accepted as a carryout item. Hamburgers, in general, have less holding power than chicken; pizza holds up well but requires more time to cook.

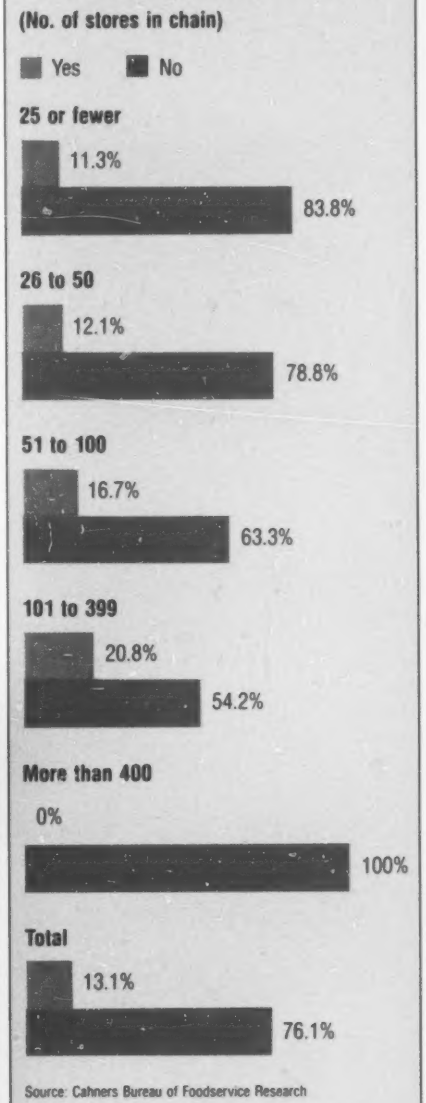
Despite the obstacles, Samaras thinks joint agreements will proliferate in the future. As he sums it up, "Our competitors, Kentucky Fried Chicken and Popeyes, are just watching. It's a risk, but we're glad to be in the arena, fighting the battles and learning the lessons."

—Lisa Bertagnoli
—Toni Lydecker

Church's is preparing its marinated chicken for sale at 7-Eleven stores.

JOINT VENTURES: WHAT LIES AHEAD?

Of the c-store chains not in joint ventures with fast-food chains, 13.1% said they plan to make such a deal in the future.



Source: Cahners Bureau of Foodservice Research

■ FOOD PRICE UPDATE

Tight, but Unsteady Conditions in Dairy Markets

Milk production is expected to be 1% to 3% below a year ago.

Milk production during the first quarter of 1987 fell 3.6% from a year earlier. This decline, along with the slightly larger one of last autumn, will be the largest year-to-year drop caused by the Dairy Termination Program (DTP).

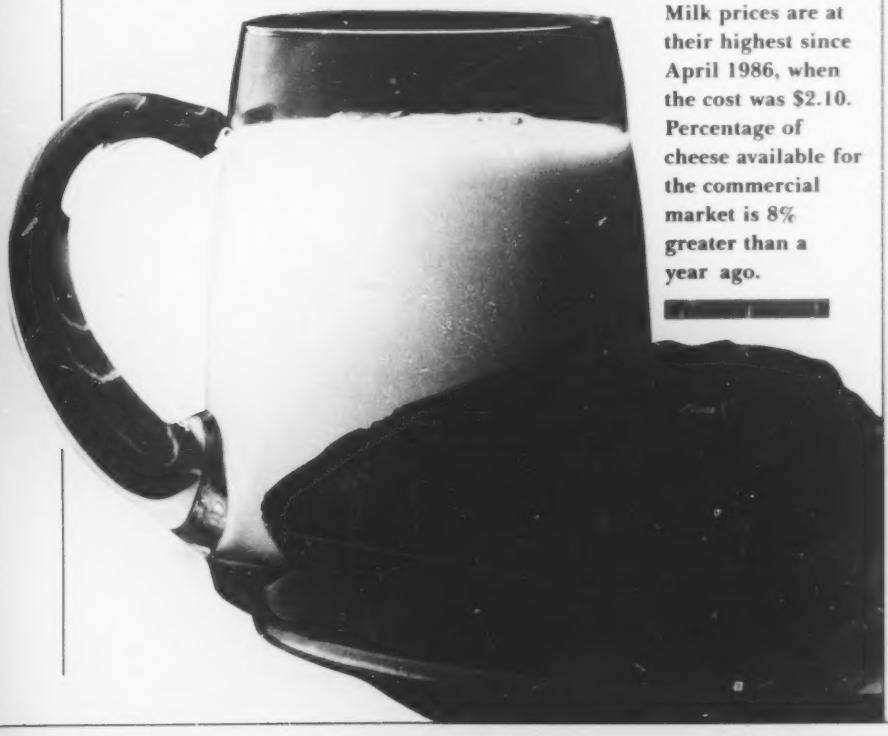
The DTP gives dairy producers the opportunity to terminate milk production and dispose of their whole herd by selling for slaughter or export all the female dairy cattle in which they have a financial interest. That producer then is barred from engaging in the production of milk for commercial use for five years.

This program, which began in April 1986 and will run through September 1987, was necessitated by the surplus of milk supplies during the past five to six years. The excess milk was a burden to both the farmers and to the federal government, which purchases surplus commodities in order to maintain a floor price to help stabilize the farm economy.

In other dairy news, production of cheese that moves to commercial markets is 8% greater than one year ago, according to *Cheese Marketing News*. Cheesemakers, through April, were surpassing last year's record production of other-than-American cheese, while American production lags behind last year by about 7%.

Production of mozzarella in 1987, according to the USDA's April *Dairy Product Production* report, is 10% greater than last year.

Year-to-date figures show that production of brick and Muenster, blue and other types is above last year. Swiss cheese production, for the first four months of 1987, is off 3% compared to the same period in 1986. —*K.M.*



Milk prices are at their highest since April 1986, when the cost was $2.10. Percentage of cheese available for the commercial market is 8% greater than a year ago.

■ R&I DATA

FOOD COST INDEX: UPS AND DOWNS, HIGHS AND LOWS

The August market-basket total of $105.11 is 2% lower than the last report in June. The price of hamburger has averaged $1.24 a pound for the past year. The cost of a gallon of milk, at $1.91, is the highest it has been since April 1986 when it was at $2.10 a gallon. The cost of frozen green beans continues on a roller coaster ride, down $1.34 from June and $2.11 from May, but up $2 from January. The price for a case of peas, at less than $10, is at its lowest in at least two years.

		% change	
	8/87	6/87	8/86
Hamburger (lb. 85% lean)	$1.24	0	6
Chicken (lb. cut for frying)	.78	-1	-12
N.Y. strip steak (lb./avg.)	3.59	5	12
Bread (Pullman loaf)	.78	7	-4
Lettuce (iceberg/head)	.49	2	-4
French fries (30 lb.)	11.41	-1	-3
Tomatoes (lb.)	.53	4	-5
Milk (gal.)	1.91	14	9
Eggs (doz.)	.54	-6	-4
Peaches (case/#10)	17.56	-4	3
Peas (case/#10)	9.89	-14	-23
Frozen beans (30 lb.)	14.20	-9	-8
Ice cream (vanilla/gal.)	3.58	32	13
Butter (lb.)	1.53	3	—
Cheddar cheese (lb.)	1.58	-3	—
Sugar (100 lb.)	30.77	-1	5
Coffee (lb.)	2.98	11	-11
Breaded fish portions (lb.)	1.65	-8	41

©1987 *Restaurants & Institutions*, a Cahners publication

ACTION EXPRESS

MAGAZINE DIVISION STAFF

William Platt, President; Terrence McDermott, Executive Vice President; David S. Wexler, Vice President Foodservice Group; Thomas J. Dellamaria, Vice President Production and Manufacturing.

BUSINESS STAFF

Barry H. Reese, Publisher; Jane Young Wallace, Associate Publisher; Steven Mayer, Marketing Director; Nancy Thomas, Marketing Assistant Director; M.R. Robinson, Vice President Foodservice Research; Karen Hallberg, Foodservice Research Director; Ed Christ, Circulation Director; Denise Stolton, Circulation Manager.

BUSINESS OFFICES

Mark A. Strauss, National Sales Director. **Midwest:** Rose Deneen, National Sales Coordinator; Howard Sipe, Regional Manager; Doug Wallach, Regional Manager; Spencer Isola, District Manager; Marjorie S. Maca, District Manager; Susan Kallas, Sales Services Manager; Patricia E. Olson, Recruitment/Classified Advertising Manager, Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080. Phone: 312/635-8800. **East Coast:** Robert Fisk, Regional Manager; William Lazar, Regional Manager, 8 Stamford Forum, P.O. Box 10277, Stamford, CT 06904-2277. Phone: 203/328-2500. Michael Cardello, Regional Manager and National Sales Manager/Beverage Alcohol, 249 W. 17th St., New York, NY 10011-5301. Phone: 212/463-6480. **Central Area:** Jerry Stiegler, Regional Manager, 1621 Euclid Ave., Cleveland, OH 44115-2186. Phone: 216/696-1800. **Southeast:** Thomas McElhinny, Regional Manager; Claire Gillen, District Manager, Suite 395, 6520 Powers Ferry Rd., Atlanta, GA 30339-2911. Phone: 404/955-6500. **West Coast:** Stephen Kosloff, Regional Manager, Suite H, 3637 Sacramento St., San Francisco, CA 94118-1726. Phone: 415/922-6884. Rebecca Tonne, Regional Manager; Susan Brummett Green, District Manager, Suite 236, 12233 W. Olympic Blvd., Los Angeles, CA 90064-1068. Phone: 213/826-5818. **Southwest:** Thomas McElhinny, Regional Manager, 12127 Carriage Hill Dr., Houston, TX 77077-2508. Phone: 713/497-1095. Michael Cardello, Regional Manager, Suite 515, 13740 Midway Road, Dallas, TX 75244-4314. Phone: 214/980-0318.

FOR YOUR OWN COPY OF RESTAURANTS & INSTITUTIONS

Call 303/388-4511 or circle **500** on the Reader Service Card.

ADVERTISING INDEX

For more information on the products advertised and featured in this issue, circle the number indicated on the Reader Service Card.

Advertiser	Inquiry No.
ALCO Foodservice Equipment Co., Dean Industries (p.233)	66
Adamation, Inc. (p.240-C)	116
Adams Packing Assoc. (p.242)	70
Admark (p.256)	83
Alaska Seafood Marketing Institute/Halibut (p.255)	82
American Dairy Association (p.151-166)	200-207
American Egg Board (p.217)	58
American Gas/Commercial Foodservice (p.188-189)	45
American Gas/Hobart (p.275)	112
American Gas/Middleby Marshall (p.243)	72
American Home Foods (p.183,185)	42,43
American Tele-Coin Co. (p.262)	102
Anheuser-Busch, Inc. (p.171)	37
Avtec Industries, Inc. (p.264)	111
Basic American Foods (p.122-123)	29
Bee Gee Shrimp (p.253)	81
Belshaw Brothers (p.260)	91
Best Foods, CPC Foodservice, Inc. (p.101)	64
Beverage Air (p.261)	95
Bio Pro (p.261)	97
Blodgett Oven Co., Inc., The Rational Combi-Oven Steamer Div. (p.193)	46
Bridgford Foods (p.173)	38
Bug Burger Bug Killers, Inc. (p.16)	8
Bunge Edible Oil Corp. (p.51)	16
CCI (p.262)	99
C&M Fine Pack, Inc. (p.17)	9
CPC Foodservice, Best Foods (p.101)	64
CPC Foodservice, Hellmann's (p.101)	25
Calavo Growers of California (p.120-121)	27
California Avocado Commission (p.202-203)	52
Cambro (p.46-47,48-49)	14,15
Carnation Co., Foodservice (p.180-181)	41
Case-Swayne Co., Inc. (p.261,263)	96,105
Chef Pierre (p.66)	20
Classified Advertising (p.265-271)	
Coldwater Seafood Corp. (p.126-127)	30
ConAgra Poultry Co. (p.145)	35
Continental Coffee Products (p.IBC)	113
Crystal Tips/A Metal Masters Co. (p.244)	73
Dean Industries, Div. of ALCO Foodservice Equipment Co. (p.233)	66
Diamond Crystal Specialty Foods, Inc. (p.257)	84
The Drackett Products Co. (p.125)	117
Dutch Quality House (p.245)	74
Edwards Technologies Video (p.260)	92
Equal Low Calorie Sweetner (p.186-187)	44
Flurry Int'l. Inc. (p.262)	101
Fort Howard Paper (p.30-31)	11
Fortune Products (p.262)	103
Fred's Frozen Foods (p.219,221, 223,225,227)	60,61,62,63
Frymaster Corp. (p.114-115)	28
General Foods Corp., Boboli (p.60-61)	18
Gold Medal Products, Co. (p.264)	108
HMW Products (p.261)	98
Hellmann's, CPC Foodservice, Inc. (p.101)	25
Hobart Corp. (p.275)	112
Howard Papers (p.259)	89
Hunt-Wesson Foodservice Div. (p.7,8-9,10)	3,4,5
Iceland Seafood Corp. (p.58-59)	17
Kason Inds. (p.246)	86
Katchall Industries, Inc. (p.259)	88
Kikkoman Int'l. Inc., (p.194-195)	48

continued on page 276

RESTAURANTS & INSTITUTIONS, a Cahners publication
1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080 Phone: 312/635-8800

Cahners Publishing Company, A Division of Reed Publishing USA | Specialized Business and Consumer Magazines for Building & Construction | Foodservice & Lodging | Electronics & Computers | Interior Design | Book Publishing & Libraries | Printing | Medical/Health Care | Manufacturing | Industrial/Research Technology | Child Care & Development

RESTAURANTS & INSTITUTIONS (ISSN 0273-5520) is published biweekly [illegible] ional, demographic and separate editions by The Cahners Publishing Company, A Division of Reed Publishing USA. 275 Washington St., Newton, MA 02158-1630. William M. Platt, President; Terrence M. McDermott, Executive Vice President; David S. Wexler, Group Vice President; Jerry D. Neth, Vice President/Publishing Operations; J.J. Walsh, Financial Vice President/Magazine Division; Thomas J. Dellamaria, Vice President/Production and Manufacturing. Circulation records are maintained at Cahners Publishing Company, 270 St. Paul St., Denver, CO 80206-5191. Phone: 303/388-4511. Second-class postage paid at Denver, CO 80206-5191 and additional mailing offices. Postmaster: Send form 3579 to our Denver address. RESTAURANTS & INSTITUTIONS copyright 1987 by Reed Publishing USA. Saul Goldweitz, Chairman; Ronald G. Segel, President and Chief Executive Officer; Robert L. Krakoff, Executive Vice President. Annual subscription rates for non-qualified people: USA, $88; Canada/Mexico, $100; other countries, $125 for surface mail and $210 for air mail. Except for special issues where price changes are indicated, single copies of regular issues are available for $6, $8 and $10 (USA, Canada/Mexico and foreign). Please address all subscription mail to RESTAURANTS & INSTITUTIONS, 270 St. Paul St., Denver, CO 80206-5191.